

Item 1. Cover Sheet

INFORMATIONAL BROCHURE
LWS WEALTH ADVISORS, INC.
D/B/A



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This brochure provides information about the qualifications and business practices of LWS Wealth Advisors, Inc. d/b/a LWS Wealth Advisors ("LWS" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (908) 630-9237. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. LWS is a registered investment adviser. Registration does not imply any certain level of skill or training.

Additional information about LWS is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

In this Item, LWS is required to discuss any material changes which have been made to the brochure since the Firm's last filing. This brochure is being submitted as part of the firm's annual updating amendment. We have amended our wrap fee schedule and eliminated the formal billing tiers.

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Item 4. Advisory Business

Formed in February 2012, LWS Wealth Advisors, Inc. has been in business as a registered investment adviser since April 2012 and is principally owned by Lance A. Lipset.

LWS offers clients a variety of investment advisory services, which includes financial planning, consulting and portfolio management. Prior to the rendering of the foregoing advisory services, clients will be required to enter into a written agreement with LWS setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”). As of December 31, 2017, the Firm had approximately \$232,891,482 in assets under management, roughly \$225,370,207 of which was managed on a discretionary basis and \$7,521,275 on a non-discretionary basis.

While this brochure generally describes the business of LWS, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on LWS’ behalf and is subject to the Firm’s supervision or control.

If you request, LWS may recommend the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from LWS. If you engage any professional recommended by LWS, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional.

Financial Planning and Consulting Services

As part of the LWS’ financial planning and consulting services, the Firm may be engaged to perform the following functions:

Business Planning	Asset Allocation Strategy
Cash Flow Forecasting	Insurance Needs Analysis
Asset Allocation	Retirement Plan Analysis
Retirement Planning	Wealth Transfer
Education Funding	Charitable Giving
Estate Planning	Risk Management
Financial Reporting	Distribution Planning

While these services are typically provided as part of a comprehensive wealth management engagement, the Firm may also provide them as part of a separate, stand-alone arrangement. In performing these services, LWS is not required to verify any information received from the client or from the client’s other

professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. LWS may recommend the services of itself and/or other professionals to implement its recommendations.

Clients are advised that a conflict of interest exists if LWS recommends its own services. Clients are under no obligation to act upon any of the recommendations made by LWS under a financial planning or consulting engagement or to engage the services of any such recommended professional, including LWS itself. Clients retain absolute discretion over all such implementation decisions. Clients are advised that it remains their responsibility to promptly notify LWS if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising LWS previous recommendations and/or services.

Wealth Management Services

LWS manages client investment portfolios on a discretionary or non-discretionary basis by primarily allocating assets among various mutual funds, exchange-traded funds (“ETFs”) and, to a lesser extent, individual stocks and bonds, alternative investments and other independent investment managers (“*Independent Managers*”).

Clients may also engage LWS to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (e.g., 529 plans). In these situations, LWS directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

LWS tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients’ portfolios are managed in a manner consistent with their specific investment profiles. LWS consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other factors relevant to the management of their portfolios. Clients are advised to promptly notify LWS if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if LWS determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

As a supplement to this service, we may recommend the use of certain Fee-based Variable Annuities. For these services, the clients will enter into a separate agreement provided by the product sponsor outlining all applicable terms and conditions.

These management services are provided through the LWS Program (the “Program”), a wrap fee program (i.e., where LWS covers securities brokerage charges and transaction fees). Additional information about the Program is available in LWS’s Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm’s Form ADV (the “Wrap Brochure”).

Use of Independent Managers

As mentioned above, LWS may select or recommend certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either LWS or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated *Independent Managers* engaged to manage their assets. LWS does not receive compensation from any such *Independent Managers*.

LWS evaluates various information about the *Independent Managers* in which it recommends or selects to manage client portfolios. The Firm generally reviews a variety of different resources, which may include the *Independent Managers*' public disclosure documents, materials supplied by the *Independent Managers* themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers*' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. LWS also takes into consideration each *Independent Manager*'s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

LWS continues to provide services relative to the discretionary or non-discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers* by reviewing the account statements and trade confirmations produced by the *Financial Institutions* (as defined below), as well as other performance information furnished by the *Independent Managers* and/or other third-party providers. LWS seeks to ensure the *Independent Managers*' strategies and target allocations remain aligned with its clients' overall portfolio exposures and investment objectives.

Item 5. Fees and Compensation

LWS offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. All clients, but especially those with smaller accounts, should be advised they may receive similar services from other professionals for higher or lower overall costs.

Financial Planning and Consulting Fees

LWS generally charges a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning or consulting services. These fees are largely determined by the scope and complexity of the agreed upon services and the investment professional engaged to provide them. The Firm's fixed fees will range between \$2,500 and \$5,000 per engagement, but may run higher for intricate or more comprehensive projects. The hourly rate for the services of the Firm's Principal or another investment adviser representative is \$350 per hour.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with LWS. Generally, LWS will require one-half of the financial planning or consulting fee payable upon execution of the *Agreement* and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion. Depending on the arrangement, if the client engages LWS for additional

investment advisory services, LWS may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Wealth Management Fees

LWS provides wealth management services for an annual wrap fee based upon the amount of assets under LWS' management. A complete description of the Program's terms and conditions (including fees) are contained in the Program's Wrap Fee Brochure.

LWS does not typically recommend that clients trade on margin or otherwise attempt to increase performance through leverage. However, to the extent a client does trade on margin, the value used to determine the amount of fees payable to LWS will be the gross asset value of the client account. This presents a conflict of interest, as LWS will have an incentive to recommend margin, as trading on margin has the potential to increase, even temporarily, the value of the assets which in turn increases the amount of fees due to LWS. As stated above, margin is not typically recommended, as the risks are significant. Please see Item 8 for a discussion of risk factors, including trading on margin.

For the initial term of the Program, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final quarter is prorated through the effective date of the termination and the unearned portion of the fee is to be refunded to the client, as appropriate. LWS will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be "de-linked", meaning they will no longer be visible to LWS and will become a retail account with the custodian.

Fee Discretion

LWS, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

Additional Fees and Expenses

In addition to the fee paid to LWS, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include fees charged by *Independent Manager(s)*, securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. To the extent you participate in LWS' Wrap Program, you will not be responsible for transaction fees, as they will be paid by LWS as part of your wealth management fee. These brokerage services are described in Item 12 of this brochure and in within various sections of the Wrap Brochure.

Fee Debit

The Firm's *Agreement* and the separate agreement with any *Financial Institutions* will generally authorize LWS and/or the *Independent Managers* to debit its clients' accounts for the amount of the management fee and to directly remit that fee to LWS or the *Independent Managers*. Any *Financial Institutions* recommended by LWS will have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount paid directly to LWS.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to LWS' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to LWS, subject to the usual and customary securities settlement procedures. However, LWS designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. LWS may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charge) and/or tax ramifications.

Commissions or Sales Charges for Recommendations of Securities

This item is not applicable.

Item 6. Performance-Based Fees and Side-by-Side Management

LWS does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Item 7. Types of Clients

LWS offers its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Minimum Account Requirements

As a condition for starting and maintaining an investment management relationship, LWS generally imposes a stated minimum portfolio size of \$750,000.

The Firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationships, account retention, and *pro bono* activities. For these clients, LWS may impose a minimum annual fee, resulting in an effective fee rate that exceeds its stated fee schedule. LWS only accepts clients with less than the minimum portfolio size if, in the sole opinion of the Firm, the smaller portfolio size will not result in a

substantial increase of investment risk beyond the client's identified risk tolerance. LWS may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than LWS. In such instances, LWS may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

LWS generally utilizes a combination of largely fundamental and technical methods of analysis.

Fundamental analysis involves an evaluation of an issuer's fundamental financial condition and competitive position. LWS generally analyzes an issuer's financial condition, capabilities of management, growth prospects, earnings capacity, new products and services, as well as the company's position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that LWS will be able to accurately predict such a reoccurrence.

Additionally, part of the LWS process includes, where appropriate, involving multiple generations in order to facilitate family financial planning. This can increase the financial education of the later generations and manage expectations. However, potential for conflicts of interest exist with the exchange of intergenerational information. LWS attempts to minimize these conflicts by treating each household as its own fiduciary relationship. Information can only be shared across generations with each household's consent.

Investment Strategies

LWS draws from numerous asset classes to construct a diversified portfolio that mirrors the client's time horizon, objectives, and tax status. In constructing a portfolio, the Firm utilizes equities, fixed income, cash, commodities, real estate and alternative assets. In an effort to manage risk as well as return, LWS incorporates investments with historically low or negative correlations to one another. The Firm's approach is considered to be "top down", emphasizing the big picture of the global economy, and from there, determining the prudent size, style and sector or equities as well as quality and duration of the fixed income markets.

Risks of Loss

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

Market Risks

The profitability of a significant portion of LWS's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that LWS will be able to predict price movements accurately.

Mutual Funds and Exchange-Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Use of Independent Managers

LWS may recommend the use of *Independent Managers*. In these situations, LWS continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, LWS generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

Use of Private Collective Investment Vehicles

LWS recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

Item 9. Disciplinary Information

LWS has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

Item 10. Other Financial Industry Activities and Affiliations

A. Broker-Dealer

Neither the principal of LWS nor any related persons are registered, or have an application pending to register, as a broker dealer.

B. Futures Commission Merchant/Commodity Trading Advisor

Neither the principal of LWS nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Relationship with Related Persons

Our firm has an affiliation with LWS Wealth Advisors of Colorado, Inc. through shared ownership. Lance Lipset is the principal owner of both firms.

Recommendation of Other Advisors

LWS may recommend the use of an independent third party manager, but will only do so if it is deemed in the best interests of the client. LWS will not recommend any third party manager in exchange for any third party manager in exchange for any sort of referral fee. Please see Item 8 for a more thorough discussion on the use of independent managers.

Item 11. Code of Ethics

LWS and persons associated with LWS are permitted to buy or sell securities that it also recommends to clients consistent with LWS' policies and procedures.

LWS has adopted a code of ethics (“*Code of Ethics*”) made up of its personal securities transaction and insider trading policies and procedures. When LWS is purchasing or considering for purchase any security on behalf of a client, no *Covered Person* (as defined below) may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when LWS is selling or considering the sale of any security on behalf of a client, no *Covered Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

Unless specifically defined in LWS’ procedures, neither LWS nor any of LWS’ associated persons may effect for himself or herself, for an associated person’s immediate family (e.g., spouse, minor children, and adults living in the same household as the associated person), or for trusts for which the associated person serves as a trustee or in which the associated person has a beneficial interest (collectively “*Covered Persons*”), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of LWS’ clients.

The foregoing policies and procedures are not applicable to:

Transactions effected in any account over which neither LWS nor any of its *Supervised Persons* has any direct or indirect influence or control; and

Transactions in securities that are: direct obligations of the government of the United States; bankers’ acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment companies.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of LWS’ clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. LWS will maintain records of these trades, including the reasons for any exceptions.

In accordance with applicable rules and regulations, LWS also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by LWS or any of its *Supervised Persons*. Clients and prospective clients may contact LWS to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

Recommendation of Financial Institutions

LWS will generally recommend that investment management clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services (“*Fidelity*”).

LWS may only implement its investment management recommendations after the client has arranged for and furnished LWS with all information and authorization regarding accounts held at their respective financial institutions. Factors which LWS considers in recommending *Fidelity* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service.

Fidelity may enable LWS to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by LWS clients comply with LWS duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where LWS determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution*’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. LWS seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom LWS and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. LWS periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

Brokerage for Client Referrals

LWS does not consider, in recommending broker-dealers, whether the Firm or a related person receives client referrals from a broker-dealer or third party.

Directed Brokerage

A client may direct LWS in writing to use a particular *Financial Institution* to execute some or all transactions for the client. As not all investment advisers require their clients to direct brokerage, the Firm does not routinely recommend, request or require a client do so. In direct brokerage situations, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and LWS will not seek better execution services or prices from other *Financial Institutions* or be able to “batch” client transactions for execution through other *Financial Institutions* with orders for other accounts managed by LWS. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, LWS may decline a client’s request to direct brokerage if, in LWS’ sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Trade Aggregation

Transactions for each client generally will be effected independently, unless LWS decides to purchase or sell the same securities for several clients at approximately the same time. LWS may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among LWS’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. In this situation, transactions will generally be averaged as to price and allocated among LWS’ clients *pro rata* to the purchase and sale orders placed for each client on any given day.

To the extent that LWS determines to aggregate client orders for the purchase or sale of securities, including securities in which LWS' *Supervised Persons* may invest, LWS generally does so in accordance with applicable rules and regulations. LWS does not receive any additional compensation or remuneration as a result of the aggregation. In the event that LWS determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates;

Allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts;

If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed);

With respect to sale allocations, allocations may be given to accounts low in cash;

In cases when a *pro rata* allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, LWS may exclude the account(s) from the allocation and the transactions may be executed on a *pro rata* basis among the remaining accounts; or

In cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist LWS in its investment decision-making process. Such research generally will be used to service all of LWS' clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because LWS does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

LWS may receive from *Fidelity*, without cost to LWS computer software and related systems support, which allow LWS to better monitor client accounts maintained at *Fidelity*. LWS may receive the software and related support without cost because LWS renders investment management services to clients that maintain assets at *Fidelity*. While these do result in a benefit for the Firm, it does not consider these to be soft dollar benefits (e.g., a benefit tied to client securities transactions). The software and related systems support, which the Firm does not consider to be "soft dollar benefits" may benefit LWS, but not its clients directly. In fulfilling its duties to its clients, LWS endeavors at all times to put the

interests of its clients first. Clients should be aware, however, that LWS' receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence LWS' choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

LWS may also receive the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group:

Receipt of duplicate client confirmations and bundled duplicate statements;

Access to a trading desk that exclusively services its Institutional Wealth Services Group participants;

Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and

Access to an electronic communication network for client order entry and account information.

Item 13. Review of Accounts

Account Reviews

LWS monitors the portfolios of its investment management clients as part of a continuous and ongoing process, while regular account reviews are conducted at least annually. For those clients to whom LWS provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. All such reviews are conducted by one of LWS' investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with LWS and to keep LWS informed of any changes thereto. LWS contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in their financial situations and/or investment objectives.

Account Statements and Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time to time or as otherwise requested, investment advisory clients also receive written or electronic reports from LWS and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from LWS or an outside service provider.

Item 14. Client Referrals and Other Compensation

Client Referrals

LWS does not currently provide compensation to third-party solicitors for client referrals.

Other Economic Benefit

LWS may receive an economic benefit from a third party (non-client) for providing investment advice to the Firm's advisory clients. This type of relationship poses a conflict of interest, as discussed in Item 12.

Item 15. Custody

LWS is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of the Firm's quarterly management fee. In accordance with applicable custody rules, the *Financial Institutions* recommended by LWS have agreed to send statements to clients, not less than quarterly, indicating all amounts paid to LWS and/or the *Independent Managers* engaged to manage their accounts. Where required by applicable state securities laws, LWS will also send clients quarterly fee statements, detailing all amounts deducted for payment of the Firm's management fee.

As discussed in Item 13, LWS and/or a third party vendor may also send periodic reports to clients. Clients are advised to carefully review the statements and confirmations sent directly by the *Financial Institutions* and to compare them with any reports received from LWS or an outside service provider.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16. Investment Discretion

Clients may grant LWS the authority to exercise discretion on their behalf. LWS is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. LWS is given this authority through a power-of-attorney included in the *Agreement* executed by the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Specifically, LWS may take discretion over the following activities:

The securities to be purchased or sold;

The amount of securities to be purchased or sold;

When transactions are made; and

The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

LWS will not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients will receive proxies directly from the *Financial Institutions* where their assets are custodied and may contact the Firm using the contact information on the cover of this brochure with questions about proxies and/or other such solicitations.

Item 18. Financial Information

LWS is not required to disclose any financial information pursuant to this Item due to the following:

The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;

The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and

The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.